

SEYMOUR COMMUNITY SCHOOL DISTRICT
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2015

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Seymour Community School District

SEYMOUR COMMUNITY SCHOOL DISTRICT

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education		
Brent Brown	President	2015
James Sandy	Vice-President	2015
Justin Keller	Board Member	2015
Drew Power	Board Member	2017
Thomas Rembe	Board Member	2017
School Officials		
Brad Breon	Superintendent	Indefinite
Mollie Banks	District Secretary/Treasurer and Business Manager	Indefinite

Seymour Community School District

STEPHANIE MENDENHALL CPA, P.C.
217 Broad Street
Humeston, Iowa 50123
641/877-6021

Independent Auditor's Report

To the Board of Education of
Seymour Community School District:

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Seymour Community School District, Seymour Iowa, as of and for the year ended June 30, 2015, and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Seymour Community School District as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Emphasis of Matter

As discussed in Note 14 to the financial statements, Seymour Community School District adopted new accounting guidance related to Governmental Accounting Standards Board (GASB) Statement No. 68 Accounting and Financial Reporting for Pensions -an Amendment of GASB Statement No. 27. My opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the District's Proportionate Share of the Net Pension Liability, the Schedule of District Contributions and the Schedule of Funding Progress for the Retiree Health Plan on pages 11 through 20 and 58 through 66 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. I have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

My audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Seymour Community School District's basic financial statements. I previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2014 (which are not presented herein) and expressed an unmodified opinion on those financial statements. The supplementary information included in Schedules 1 through 6, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In my opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, I have also issued my report dated September 23, 2015 on my consideration of Seymour Community School District's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of any audit performed in accordance with Government Auditing Standards in considering Seymour Community School District's internal control over financial reporting and compliance.

September 23, 2015

Seymour Community School District

MANAGEMENT'S DISCUSSION AND ANALYSIS

Seymour Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2015. I encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2015 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from \$2,328,003 in fiscal year 2014 to \$2,869,584 in fiscal year 2015, while General Fund expenditures also increased from \$2,366,604 in fiscal year 2014 to \$2,674,783 in fiscal year 2015. The District's General Fund balance increased from \$812,989 at the end of its fiscal year 2014 to \$1,007,790 at the end of fiscal year 2015, a 24% increase.
- The fiscal year 2015 General Fund revenue increase was attributable to increases in state aid and property tax revenue. The increase in expenditures was due primarily to additional teaching positions being added.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of Seymour Community School District as a whole and present an overall view of the District's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Seymour Community School District's operations in more detail than the government-wide financial statements by providing information about the most significant funds. The remaining financial statements provide information about activities for which Seymour Community School District acts solely as an agent or custodian for the benefit of those outside the District.

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year, the District's proportionate share of the net pension liability and related contributions, as well as presenting the Schedule of Funding Progress for the Retiree Health Plan.

Supplementary information provides detailed information about the nonmajor governmental funds.

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. All of the current year's revenues and expenses are accounted for in the Statements of Activities, regardless of when cash is received or paid.

The two government-wide financial statements report the District's net position and how it has changed. Net position is one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net position is an indicator of whether financial position is improving or deteriorating. To assess the District's overall health, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities, need to be considered.

In the government-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities:* Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property tax and state aid finance most of these activities.
- *Business type activities:* The District charges fees to help cover the costs of certain services it provides. The District's school nutrition program is included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds - not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds, or to show it is properly using certain revenues, such as federal grants.

The District has three kinds of funds:

- 1) *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

The District's governmental funds include the General Fund, the Special Revenue Funds, the Debt Service Fund and the Capital Projects Fund.

The required financial statements for governmental funds include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances.

- 2) *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District's Enterprise Fund, one type of proprietary fund, is the same as its business type activities but provides more detail and additional information, such as cash flows. The District's Enterprise Fund is the School Nutrition Fund.

The required financial statements for proprietary funds include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position and a Statement of Cash Flows.

- 3) *Fiduciary funds:* The District is the trustee, or fiduciary, for assets that belong to others. These funds include Private-Purpose Trust and Agency Funds.

- Private-Purpose Trust Fund - The District accounts for outside donations for scholarships for individual students in this fund.

The District is responsible for ensuring the assets reported in the fiduciary funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations

The required financial statements for fiduciary funds include a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position.

Reconciliations between the government-wide financial statements and the governmental fund financial statements follow the governmental fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-1 below provides a summary of the District's net position at June 30, 2015 compared to June 30, 2014. The June 30, 2014 amounts are not restated.

Figure A-1 Condensed Statement of Net Position (Expressed in Thousands)							
	Governmental Activities		Business Type Activities		Total District	Total Change	
	June 30,		June 30,		June 30,	June 30,	
	2015	2014	2015	2014	2015	2014	2014-2015
Current and other assets	\$ 3,214	\$ 2,999	50	43	3,264	3,042	7.3%
Capital assets	782	829	10	8	792	837	-5.4%
Total assets	3,996	3,828	60	51	4,056	3,879	4.6%
Deferred outflows of resources	26	-	3	-	29	-	100.0%
Long-term liabilities	914	160	12	-	926	160	478.8%
Other liabilities	250	232	10	10	260	242	7.4%
Total liabilities	1,164	392	22	10	1,186	402	195.0%
Deferred inflows of resources	1,368	1,049	7	2	1,375	1,051	30.8%
Net Position:							
Net investment in capital assets	782	773	10	8	792	781	1.4%
Restricted	922	940	-	-	922	940	-1.9%
Unrestricted	(214)	674	24	31	(190)	705	-127.0%
Total net position	1,490	2,387	34	39	1,524	2,426	-37.2%

The District's total net position decreased 37%, or approximately \$902,000, from the prior year. The largest portion of the District's net position is invested in capital assets (e.g., land, infrastructure, intangibles, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets.

Restricted net position represents resources subject to external, restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net position decreased approximately \$18,000 or 2% over the prior year.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - decreased approximately \$895,000. This reduction in unrestricted net position was a result of the District's net pension expense recorded in the current year.

Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27 was implemented during fiscal year 2015. The beginning net position as of July 1, 2014 for governmental activities and business type activities were restated by \$503,135 and \$7,662, respectively, to retroactively report the net pension liability as of June 30, 2013 and deferred outflows of resources related to contributions made after June 30, 2013 but prior to July 1, 2014. Fiscal year 2013 and 2014 financial statement amounts for net pension liabilities, pension expense, deferred outflows of resources and deferred inflows of resources were not restated because the information was not available. In the past, pension expense was the amount of the employer contribution. Current reporting provides a more comprehensive measure of pension expense which is more reflective of the amounts employees earned during the year.

Figure A-2 shows the changes in net position for the year ended June 30, 2015 compared to the year ended June 30, 2014. The June 30, 2014 amounts are not restated.

Figure A-2							
Changes in Net Position							
(Expressed in Thousands)							
	Governmental Activities		Business Type Activities		Total District	Total Change	
	2015	2014	2015	2014	2015	2014	2014-2015
Revenues:							
Program revenues:							
Charges for service	\$ 240	\$ 204	57	55	297	259	14.7%
Operating grants, contributions and restricted interest	615	514	127	110	742	624	18.9%
Capital grants, contributions and restricted interest	-	-	-	-	-	-	-
General revenues:							
Property tax	911	885	-	-	911	885	2.9%
Income surtax	86	76	-	-	86	76	13.2%
Statewide sales service and use tax	247	208	-	-	247	208	18.8%
Unrestricted intermediate grants	-	13	-	-	-	13	0.0%
Unrestricted state grants	1,181	836	-	-	1,181	836	41.3%
Unrestricted investment earnings	7	25	-	-	7	25	-72.0%
Other	30	16	-	-	30	16	87.5%
Total revenues	3,317	2,777	184	165	3,501	2,942	19.0%
Program expenses:							
Instruction	1,992	1,737	-	-	1,992	1,737	14.7%
Support services	825	870	-	-	825	870	-5.2%
Non-instructional programs	-	-	174	159	174	159	9.4%
Other expenses	222	136	-	-	222	136	63.2%
Total expenses	3,039	2,743	174	159	3,213	2,902	10.7%
Increase (decrease) in net position	278	34	10	6	288	40	620.0%
Net position beginning of year, as restated	1,212	2,353	24	33	1,236	2,386	-48.2%
Net position end of year	1,490	2,387	34	39	1,524	2,426	-37.2%

In fiscal year 2015, property tax and unrestricted state grants accounted for 63% of governmental activities revenue while charges for service and operating grants, contributions and restricted interest accounted for 100% of business type activities revenue. The District's total revenues were approximately \$3.5 million, of which approximately \$3.32 million was for governmental activities and \$184,000 was for business type activities.

As shown in Figure A-2, the District as a whole experienced a 19% increase in revenues and a 10.7% increase in expenses. State aid increased approximately \$345,000. Instruction expenditures increased \$255,000, due to additional staff positions being added.

Governmental Activities

Revenues for governmental activities were \$3,316,731 and expenses were \$3,138,029 for the year ended June 30, 2015. The District was able to balance the budget because of increased state aid due to consecutive years of increased student enrollment.

The following table presents the total and net cost of the District's major governmental activities, instruction, support services, non-instructional programs and other expenses, for the year ended June 30, 2015 compared to the year ended June 30, 2014 (not restated).

Figure A-3
Total and Net Cost of Governmental Activities
(Expressed in Thousands)

	Total Cost of Services			Net Cost of Services		
	Change			Change		
	2015	2014	2014-2015	2015	2014	2014-2015
Instruction	\$1,992	\$1,737	14.7%	1,483	1,119	32.5%
Support services	829	870	-4.7%	829	870	-4.7%
Non-instructional programs	-	-	-	-	-	-
Other expenses	317	136	133.1%	116	36	222.2%
Total	3,138	2,743	14.4%	2,428	2,025	19.9%

For the year ended June 30, 2015:

- The cost financed by users of the District's programs was \$240,325.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$614,400.
- The net cost of governmental activities was financed with \$1,243,518 in property and other taxes and \$1,181,059 in unrestricted state grants.

Business Type Activities

Revenues for business type activities during the year ended June 30, 2015 were \$183,852, representing a 11% increase over the prior year, while expenses totaled \$173,789, an 9% increase over the prior year. The District's business type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

During the year ended June 30, 2015, the District served more meals due to increased student enrollment. There was much higher participation in the summer meal program that was started in June 2014.

INDIVIDUAL FUND ANALYSIS

As previously noted, Seymour Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported combined fund balances of \$1,898,585, above last year's ending fund balances of \$1,719,883.

Governmental Fund Highlights

- The District's desire is to maintain a high quality educational program within the current tax structure. The District's General Fund balance increased from \$812,989 in fiscal 2014 to \$1,007,790 in fiscal year 2015 due to an increase in property taxes and state aid. The district has consecutive years of increased student enrollment.
- The General Fund balance position has been addressed in a variety of methods in order to continue the facilitation of student learning and achievement and to reflect the increase in funds and student enrollment. Staff positions were added to reduce class sizes. The sharing of administrative staff and certified staff positions will also result in savings to the District.
- The district will continue to spend Capital Project monies to update technology and transportation equipment.

Proprietary Fund Highlights

School Nutrition Fund net position increased from \$23,797 at June 30, 2014 to \$33,860 at June 30, 2015, representing an increase of approximately 42%. For fiscal year 2015, the District increased meal prices, resulting in an increase in revenues. Consecutive years of increased student enrollment has resulted in increased number of meals served. There has been much higher participation in the breakfast program due to before school activities.

BUDGETARY HIGHLIGHTS

The District's total revenues were \$1,194 more than budgeted.

Total expenditures were less than budgeted, due primarily to the District's budget for the General Fund. It is the District's practice to budget expenditures at the maximum authorized spending authority for the General Fund. The District then manages or controls General Fund spending through its line-item budget. As a result, the District's certified budget should always exceed actual expenditures for the year.

In spite of the District's budgetary practice, the certified budget was exceeded in the non-instructional and other functional areas, due to the timing of expenditures at year-end without sufficient time to amend the certified budget.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2015, the District had invested approximately \$.792 million, net of accumulated depreciation in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment, transportation equipment. (See Figure A-4) This represents a net decrease of 5.4% from last year. More detailed information about the District's capital assets is presented in Note 4 to the financial statements. Depreciation expense for the year was \$87,950.

The original cost of the District's capital assets was approximately \$2.65 million. Governmental funds account for approximately \$2.62 million, with the remainder of approximately \$0.03 million accounted for in the Proprietary, School Nutrition Fund.

Figure A-4
Capital Assets, net of Depreciation
(expressed in thousands)

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2015	2014	2015	2014	2015	2014	2014-2015
Land	\$ 3	\$ 3		-	3	3	0.00%
Buildings	656	701		-	656	701	-6.42%
Furniture and equipment	123	125	10	8	133	133	0.00%
Total	782	829	10	8	792	837	-5.38%

Long-Term Debt

At June 30, 2015, the District had \$0 outstanding debt. Additional information about the District's long-term debt is presented in Note 5 to the financial statements.

Figure A-5
Outstanding Long-Term Obligations
(expressed in thousands)

	Total District		Total Change
	June 30,		June 30,
	2015	2014	2014-2015
Capital lease	\$ -	55,776	-

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District was aware of several existing circumstances which could significantly affect its financial health in the future:

- The District property tax rate increased from 10.85 in fiscal 2015 to 10.98 in fiscal 2016 due to the state's final adjustment in the state formula. The District anticipates steady future rate hikes. District valuations increased slightly and are predicted to increase in the future.
- The District expects to see an increase in both cash and spending authority as student enrollment has continued to grow the last several years. The district has increased revenue by taking advantage of state sharing incentives, dropout prevention modified allowable growth and the added funding for the PK program.
- The district will see an increase in expenditures as staff positions have been added to accommodate increased class sizes due to increased enrollment. Additional staff is not expected in the near future unless enrollment continues to increase.

The District will raise teachers minimum starting salary to \$32,500 for the 2016-17 fiscal year due to the state TLC grant. This will help the district retain qualified staff.

- The District continues to operate on a year-to-year collective agreement with the Seymour Education Teacher's Association. Recent negotiated settlements resulted in a 3.9 percentage increase for certified staff, as well as non-certified staff.
- Capital Project Funds will be spent for replacement of the roof on the high school building. A review of the transportation fleet will be done to determine if new buses are needed.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Mollie Banks, District Secretary/Treasurer and Business Manager, Seymour Community School District, Seymour, Iowa 52590.

Basic Financial Statements

SEYMOUR COMMUNITY SCHOOL DISTRICT
Statement of Net Position
Year ended June 30, 2015

	Governmental Activities	Business type Activities	Total
Assets			
Cash and cash equivalents	\$ 1,974,555	13,537	1,988,092
Receivables:			
Property tax:			
Delinquent	45,912	-	45,912
Succeeding year	958,839	-	958,839
Income tax succeeding year	76,356	-	76,356
Other	-	27,881	27,881
Due from other governments	158,730	6,717	165,447
Inventories	-	1,277	1,277
Capital assets, net of accumulated depreciation	782,052	10,371	792,423
Total assets	3,996,444	59,783	4,056,227
Deferred Outflows of Resources			
Pension related deferred outflows	25,665	3,482	29,147
Liabilities			
Accounts payable	21,544	-	21,544
Salaries and benefits payable	229,068	10,547	239,615
Accrued interest payable	-	-	-
Long-term liabilities:			
Portion due within one year:			
Retirement benefits	4,875	-	4,875
Portion due after one year:			
Retirement benefits	4,875	-	4,875
Net pension liability	792,731	12,072	804,803
Net OPEB liability	111,183	-	111,183
Total liabilities	1,164,276	22,619	1,186,895
Deferred Inflows of Resources			
Other	-	2,182	2,182
Succeeding year property tax	988,839	-	988,839
Succeeding year income surtax	76,356	-	76,356
Pension related deferred inflows	302,325	4,604	306,929
Total deferred inflows of resources	1,367,520	6,786	1,374,306
Net Position			
Invested in capital assets, net of related debt	782,052	10,371	792,423
Restricted for:			
Categorical funding	31,762	-	31,762
Management levy	170,262	-	170,262
Student activities	62,620	-	62,620
School infrastructure	617,714	-	617,714
Physical plant and equipment	40,199	-	40,199
Unrestricted	(214,296)	23,489	(190,807)
Total net position	1,490,313	33,860	1,524,173

See notes to financial statements.

SEYMOUR COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
Year Ended June 30, 2015

Functions/Programs	Program Revenues			
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
Governmental activities:				
Instruction:				
Regular instruction	\$ 1,400,634	115,314	482,998	-
Special instruction	219,153	31,949	13,461	-
Other instruction	371,876	93,062	12,252	-
	1,991,663	240,325	508,711	-
Support services:				
Student	34,394	-	-	-
Instructional staff	118,361	-	-	-
Administration	231,730	-	-	-
Operation and maintenance of plant	266,717	-	-	-
Transportation	174,233	-	-	-
	825,435	-	-	-
Non-instructional programs	250	-	-	-
Other expenditures:				
Facilities acquisition	115,874	-	-	-
Long-term debt interest	185	-	-	-
AEA flowthrough	105,689	-	105,689	-
	221,748	-	105,689	-
Total governmental activities	3,039,096	240,325	614,400	-
Business type activities:				
Non-instructional programs:				
Food service operations	173,789	56,810	126,920	-
	173,789	56,810	126,920	-
Total	\$ 3,212,885	297,135	741,320	-

Net (Expense) Revenue and Change in Net Position		
Governmental Activities	Business Type Activities	Total
(802,322)	-	(802,322)
(173,743)	-	(173,743)
(266,562)	-	(266,562)
(1,242,627)	-	(1,242,627)
(34,394)	-	(34,394)
(118,361)	-	(118,361)
(231,730)	-	(231,730)
(266,717)	-	(266,717)
(174,233)	-	(174,233)
(825,435)	-	(825,435)
(250)		(250)
(115,874)	-	(115,874)
(185)	-	(185)
-	-	-
(116,059)	-	(116,059)
(2,184,371)	-	(2,184,371)
-	9,941	9,941
	9,941	9,941
(2,184,371)	9,941	(2,174,430)

SEYMOUR COMMUNITY SCHOOL DISTRICT
Statement of Activities
Year ended June 30, 2015

	Program Revenues		
	Charges for	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
Expenses	Service		
Continued from previous page			
General Revenues:			
Property tax levied for:			
General purposes			
Income surtax			
Statewide sales, services and use tax			
Unrestricted intermediate grants			
Unrestricted state grants			
Unrestricted investment earnings			
Other			
Total general revenues			
Change in net position			
Net position beginning of year, as restated			
Net position end of year			

See notes to financial statements.

Net (Expense) Revenue and Change in Net Position		
Governmental Activities	Business Type Activities	Total
911,289	-	911,289
85,672	-	85,672
246,557	-	246,557
-	-	-
1,181,059	-	1,181,059
7,399	122	7,521
30,030	-	30,030
2,462,006	122	122
277,635	10,063	287,698
1,212,678	23,797	1,236,475
1,490,313	33,860	1,524,173

SEYMOUR COMMUNITY SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2015

	General	Debt Service	Capital Projects	Nonmajor	Total
Assets					
Cash and pooled investments	\$ 1,122,367	-	620,525	231,663	1,974,555
Receivables:					
Property tax:					
Current year delinquent	44,235	-	458	1,219	45,912
Succeeding year	855,023	-	28,816	75,000	958,839
Income tax succeeding year	76,356	-	-	-	76,356
Due from other governments	119,927	-	38,803	-	158,730
Total assets	2,217,908	-	688,602	307,882	3,214,392
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities:					
Accounts payable	19,671	-	1,873	-	21,544
Salaries and benefits payable	229,068	-	-	-	229,068
Total liabilities	248,739	-	1,873	-	250,612
Deferred inflows of resources:					
Unavailable revenues:					
Succeeding year property tax	885,023	-	28,816	75,000	988,839
Succeeding year income surtax	76,356	-	-	-	76,356
Total deferred inflows of resources	961,379	-	28,816	75,000	1,065,195
Fund balances:					
Restricted for:					
Categorical funding	31,762	-	-	-	31,762
Management levy	-	-	-	170,262	170,262
Student activities	-	-	-	62,620	62,620
School infrastructure	-	-	617,714	-	617,714
PPEL	-	-	40,199	-	40,199
Unassigned	976,028	-	-	-	976,028
Total fund balances	1,007,790	-	657,913	232,882	1,898,585
Total liabilities, deferred inflows of resources and fund balances	2,217,908	-	688,602	307,882	3,214,392

See notes to financial statements.

SEYMOUR COMMUNITY SCHOOL DISTRICT
Reconciliation of the Balance Sheet - Governmental Funds
to the Statement of Net Position
June 30, 2015

Total fund balances of governmental funds (pg. 17)		\$1,898,585
<i>Amounts reported for governmental activities in the Statement of Net Position are different because:</i>		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.		782,052
Other long-term assets are not available to pay current year expenditures and, therefore, are recognized as deferred inflows of resources in the governmental funds.		
Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:		
Deferred outflows of resources	25,665	
Deferred inflows of resources	<u>(302,325)</u>	(276,660)
Long-term liabilities, including bonds and notes payable, compensated absences payable, other postemployment benefits payable and net pension liability, are not due and payable in the current year and, therefore, are not reported in the governmental funds.		<u>(913,664)</u>
Net position of governmental activities (pg. 12)		<u><u>\$1,490,313</u></u>

See notes to financial statements.

SEYMOUR COMMUNITY SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year ended June 30, 2015

	General	Debt Service	Capital Projects	Nonmajor	Total
Revenues:					
Local sources:					
Local tax	\$ 895,372	-	274,301	73,845	1,243,518
Tuition	147,263	-	-	-	147,263
Other	31,556	-	2,481	96,454	130,491
Intermediate	23,147	-	-	-	23,147
State sources	1,591,312	-	18	48	1,591,378
Federal sources	180,934	-	-	-	180,934
Total revenues	2,869,584	-	276,800	170,347	3,316,731
Expenditures:					
Current:					
Instruction:					
Regular instruction	1,346,302	-	54,332	-	1,400,634
Special instruction	219,153	-	-	-	219,153
Other instruction	265,987	-	9,937	95,952	371,876
	1,831,442	-	64,269	95,952	1,991,663
Support services:					
Student	34,394	-	-	-	34,394
Instructional staff	118,361	-	-	-	118,361
Administration	239,171	-	-	67,121	306,292
Operation and maintenance of plant	197,339	-	24,453	-	221,792
Transportation	148,137	-	-	-	148,137
	737,402	-	24,453	67,121	828,976
Non-instructional programs	250	-	-	-	250
Other expenditures:					
Facilities acquisition	-	-	153,451	-	153,451
Long-term debt:					
Principal	-	55,776	-	-	55,776
Interest and fiscal charges	-	2,224	-	-	2,224
AEA flowthrough	105,689	-	-	-	105,689
	105,689	58,000	153,451	-	317,140
Total expenditures	2,674,783	58,000	242,173	163,073	3,138,029
Excess (deficiency) of revenues over (under) expenditures	194,801	(58,000)	34,627	7,274	178,702
Other financing sources:					
Operating transfers in	-	58,000	-	-	58,000
Operating transfers out	-	-	(58,000)	-	(58,000)
Total other financing sources	-	58,000	(58,000)	-	-
Net change in fund balances	194,801	-	(23,373)	7,274	178,702
Fund balances beginning of year	812,989	-	681,286	225,608	1,719,883
Fund balances end of year	\$ 1,007,790	-	657,913	232,882	1,898,585

See notes to financial statements.

SEYMOUR COMMUNITY SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances - Governmental Funds
to the Statement of Activities
Year ended June 30, 2015

Change in fund balances-total governmental funds (pg. 19) \$ 178,702

***Amounts reported for governmental activities in the
Statement of Activities are different because:***

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are not reported in the Statement of Activities and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. Capital outlay expenditures exceeded depreciation expense in the current year, as follows:

Expenditures for capital assets	37,577	
Depreciation expense	(84,861)	(47,284)

Repayment of long-term debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position.		55,776
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Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the governmental funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due.		2,039
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The current year District employer share of IPERS contributions are reported as expenditures in the governmental funds, but are reported as a deferred outflow of resources in the Statement of Net Position.		127,923
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:

Pension expense	(25,256)	
Other postemployment benefits	(14,265)	(39,521)

Change in net position of governmental activities (pg. 12-16)		277,635

See notes to financial statements.

SEYMOUR COMMUNITY SCHOOL DISTRICT
Statement of Net Position
Proprietary Fund
June 30, 2015

	<u>Enterprise, School Nutrition</u>
Assets	
Current assets:	
Cash and cash equivalents	\$ 13,537
Due from other governments	6,717
Account receivable	27,881
Inventories	1,277
Total current assets	<u>49,412</u>
Noncurrent assets:	
Capital assets, net of accumulated depreciation	10,371
Total assets	<u><u>59,783</u></u>
Deferred Outflows of Resources	
Pension related deferred outflows	<u>3,482</u>
Liabilities	
Current liabilities:	
Salaries and benefits payable	10,547
Deferred revenue	2,182
Total current liabilities	<u>12,729</u>
Noncurrent liabilities	
Net pension liability	12,072
Total liabilities	<u><u>24,801</u></u>
Deferred Inflows of Resources	
Pension related deferred inflows	<u>4,604</u>
Net Position	
Invested in capital assets, net of related debt	10,371
Unrestricted	<u>23,489</u>
Total net position	<u><u>\$ 33,860</u></u>

See notes to financial statements.

SEYMOUR COMMUNITY SCHOOL DISTRICT
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Fund
Year ended June 30, 2015

	<u>Enterprise, School Nutrition</u>
Operating revenues:	
Local sources	
Charges for service	<u>\$ 56,810</u>
Operating expenses:	
Non-instructional programs:	
Food service operations:	
Salaries	58,347
Benefits	7,563
Supplies	104,791
Depreciation	3,088
Total operating expenses	<u>173,789</u>
Operating loss	<u>(116,979)</u>
Non-operating revenues:	
State sources	1,495
Federal sources	125,425
Local sources	122
Total non-operating revenues	<u>127,042</u>
Net income	10,063
Net position beginning of year, as restated	<u>23,797</u>
Net position end of year	<u><u>\$ 33,860</u></u>

See notes to financial statements.

SEYMOUR COMMUNITY SCHOOL DISTRICT
Statement of Cash Flows
Proprietary Fund
Year ended June 30, 2015

	Enterprise, School Nutrition
Cash flows from operating activities:	
Cash received from sale of meals	\$ 56,980
Cash payments to employees for services	(67,373)
Cash payments to suppliers for goods or services	(119,877)
Net cash used by operating activities	<u>(130,270)</u>
Cash flows from non-capital financing activities:	
State grants received	1,495
Federal grants received	111,545
Net cash provided by non-capital financing activities	<u>113,040</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets	<u>(5,523)</u>
Cash flows from investing activities:	
Interest on investments	<u>122</u>
Net decrease in cash and cash equivalents	(22,631)
Cash and cash equivalents at beginning of year	<u>36,168</u>
Cash and cash equivalents at end of year	<u><u>13,537</u></u>
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	
Adjustments to reconcile operating loss to	
net cash provided (used) by operating activities:	(116,979)
Commodities used	12,568
Depreciation	3,088
Increase in receivables	(27,881)
Decrease in inventory	227
Increase in payables	536
Increase in deferred revenue	170
Decrease in net pension liability	(7,557)
Increase in deferred outflows of resources	954
Increase in deferred inflows of resources	4,604
Net cash used by operating activities	<u><u>(130,270)</u></u>

Non-cash investing, capital and related financing activities:

During the year ended June 30, 2015, the District received \$12,568 of federal commodities.

See notes to financial statements.

SEYMOUR COMMUNITY SCHOOL DISTRICT
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2015

	Private Purpose Trust Scholarship
Assets	
Cash, cash equivalents and pooled investments	129,777
Total assets	<u>129,777</u>
Liabilities	
Accounts payable	-
Net position	
Reserved for scholarships	<u>129,777</u>

See notes to financial statements.

SEYMOUR COMMUNITY SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year ended June 30, 2015

	Private Purpose Trust Scholarship
Additions:	
Local sources:	
Contribution	\$ 6,345
Interest income	508
Total additions	<u>6,853</u>
Deductions:	
Instruction:	
Scholarships awarded	<u>8,000</u>
	<u>8,000</u>
Change in net position	(1,147)
Net position beginning of year	<u>130,924</u>
Net position end of year	<u>\$ 129,777</u>

See notes to financial statements.

SEYMOUR COMMUNITY SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2015

(1) Summary of Significant Accounting Policies

Seymour Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the Cities of Seymour and Promise City, Iowa, and the predominate agricultural territory in Wayne and Appanoose Counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Seymour Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the District. The District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organization - The District participates in a jointly governed organization that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Wayne County Assessor's Conference Board.

B. Basis of Presentation

Government-wide Financial Statements - The Statement of Net Position and the Statement of Activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

The Statement of Net Position presents the District's nonfiduciary assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Net position is reported in the following categories:

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

Restricted net position results when constraints placed on net position use are either externally imposed or are imposed by law through constitutional provisions or enabling legislation. Enabling legislation did not result in any restricted net position.

Unrestricted net position consists of net position not meeting the definition of the preceding categories. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements - Separate financial statements are provided for governmental, proprietary and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds. Combining schedules are also included for the Capital Project Fund accounts.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instructional, support and other costs.

The Debt Service Fund is utilized to account for property tax and other revenues to be used for the payment of interest and principal on the District's general long-term debt.

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities and other capital assets.

The District reports the following major proprietary fund:

The Enterprise, School Nutrition Fund is used to account for the food service operations of the District.

The District also reports fiduciary funds which focus on net position and changes in net position. The District's fiduciary funds include the following:

The Private Purpose Trust Fund is used to account for assets held by the District under trust agreements which require income earned to be used to benefit individuals through scholarship awards.

The Agency Fund is used to account for assets held by the District as an agent for individuals, private organizations and other governments. The Agency Fund is custodial in nature, assets equal liabilities, and does not involve measurement of results of operations.

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs and then general revenues.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the District's policy is generally to first apply the expenditure toward restricted fund balance and then to less-restrictive classifications - committed, assigned and then unassigned fund balances.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's Enterprise Fund is charges to customers for sales and services. Operating expenses for Enterprise Funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash, Cash Equivalents and Pooled Investments - The cash balances of most District funds are pooled and invested. Investments are stated at fair value except for the investment in the Iowa Schools Joint Investment Trust which is valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.

For purpose of the Statement of Cash Flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

Property Tax Receivable - Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2013 assessed property valuations; is for the tax accrual period July 1, 2014 through June 30, 2015 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2014.

Due from Other Governments - Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories - Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

Capital Assets - Capital assets, which include property, furniture and equipment and intangibles are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Position. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Land	\$5,000
Buildings	5,000
Improvement other than buildings	5,000
Intangibles	25,000
Furniture and equipment	
School Nutrition Fund equipment	1,000
Other furniture and equipment	5,000

Capital assets are depreciated using the straight line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives (In Years)
Buildings	40 years
Improvements other than buildings	20-40 years
Furniture and equipment	5-15 years

Deferred Outflows of Resources - Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension expense and contributions from the employer after the measurement date but before the end of the employer's reporting period.

Salaries and Benefits Payable - Payroll and related expenditures for teachers with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities.

Advances from Grantors - Grant proceeds which have been received by the District but will be spent in a succeeding fiscal year.

Compensated Absences - District employees accumulate a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2015. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

Long-Term Liabilities - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Position.

Pensions - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Iowa Public Employees' Retirement System (IPERS) and additions to/deductions from IPERS' fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Inflows of Resources - Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consist of property tax receivable and other receivables not collected within sixty days after year end.

Deferred inflows of resources in the Statement of Net Position consists of succeeding year property tax receivables that will not be recognized until the year for which it is levied and the unamortized portion of the net difference between projected and actual earnings on pension plan investments.

Fund Equity - In the governmental fund financial statements, fund balances are classified as follows:

Restricted - Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or are imposed by law through constitutional provisions or enabling legislation.

Committed - Amounts which can be used only for specific purposes determined pursuant to constraints formally imposed by the Board of Education through resolution approved prior to year end. Those committed amounts cannot be used for any purpose unless the Board of Education removes or changes the specified use by taking the same action it employed to commit those amounts.

Unassigned - All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2015, expenditures exceeded the amount budgeted in the non-instructional and other functional areas.

(2) Cash, Cash Equivalents and Pooled Investments

The District's deposits in banks at June 30, 2015 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

(3) **Interfund Transfers**

The detail of interfund transfers for the year ended June 30, 2015 is as follows:

Transfer to	Transfer from	Amount
Debt Service	Capital Projects	\$58,000

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

(4) **Capital Assets**

Capital assets activity for the year ended June 30, 2015 was as follows:

	Balance Beginning of year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 3,150	-	-	3,150
Total capital assets not being depreciated	3,150	-	-	3,150
Capital assets being depreciated:				
Buildings	2,013,390	-	-	2,013,390
Improvements other than buildings	-	-	-	-
Furniture and equipment	595,939	37,577	(30,000)	573,516
Total capital assets being depreciated	2,609,329	37,577	(30,000)	2,586,906
Less accumulated depreciation for:				
Buildings	1,312,665	44,925	-	1,357,590
Improvements other than buildings	-	-	-	-
Furniture and equipment	470,478	39,936	(30,000)	450,414
	1,783,143	84,861	(30,000)	1,808,004
Total capital assets being depreciated, net	826,186	(47,284)	-	778,902
Governmental activities capital assets, net	829,336	(47,284)	-	782,052
Business type activities:				
Furniture and equipment	30,754	5,523	(8,060)	20,157
Less accumulated depreciation	22,818	3,089	(8,060)	9,787
	7,936	2,434	-	10,370
Depreciation expenses was charged to the following functions:				
Support services:				
Administration				\$ 13,840
Operation and maintenance				44,925
Transportation				26,096
Total depreciation expense - governmental activities				84,861
Business type activities:				
Food service operations				3,089

(5) **Long-Term Liabilities**

Changes in long-term liabilities for the year ended June 30, 2015 are summarized as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Capital lease	55,776	-	55,776	-	-
Retirement benefits	14,625	-	4,875	9,750	4,875
Net OPEB liability	89,386	23,455	1,658	111,183	-
	5,253	23,455	62,309	120,933	4,875

(6) **Pension Plan**

Plan Description - IPERS membership is mandatory for employees of the District, except for those covered by another retirement system. Employees of the District are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by Iowa Public Employee's Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive P.O. Box 9117, Des Moines, Iowa 50306-9117 or at www.ipers.org.

IPERS benefits are established under Iowa code chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information

Pension Benefits - A regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, anytime after reaching age 62 with 20 or more years of covered employment, or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. (These qualifications must be met on the member's first month of entitlement to benefits.) Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier (based on years of service).
- The member's highest five-year average salary. (For members with service before June 30, 2012, the highest three-year average salary as of that date will be used if it is greater than the highest five-year average salary.)

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25 percent for each month that the member receives benefits before the member's earliest normal retirement age. For service earned starting July 1, 2012, the reduction is 0.50 percent for each month that the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits - A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Contributions - Effective July 1, 2012, as a result of a 2010 law change, the contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. Statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires that the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll, based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2015, pursuant to the required rate, Regular members contributed 5.95 percent of pay and the District contributed 8.93 percent for a total rate of 14.88 percent.

The District's contributions to IPERS for the year ended June 30, 2015 were \$132,962.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2015, the District reported a liability of \$1,308,489 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2014, the District's proportion was .0202930 %, which was an increase of .002496% from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the District recognized pension expense of \$48,786. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 8,747	\$ -
Changes of assumptions	35,518	-
Net difference between projected and actual earnings on pension plan investments	-	(306,929)
Changes in proportion and differences between District contributions and proportionate share of contributions	(148,080)	-
District contributions subsequent to the measurement date	132,962	-
Total	29,147	(306,929)

\$132,962 reported as deferred outflows of resources related to pensions resulting from the District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	
2016	(100,988)
2017	(100,988)
2018	(100,988)
2019	(100,988)
2020	(6,792)
Total	(410,744)

Actuarial Assumptions - The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of Inflation (effective June 30, 2014)	3.00 percent
Salary increases (effective June 30, 2014)	4.00 percent, average, including inflation
Investment rate of return (effective June 30, 1996)	7.50 percent per annum, compounded annually, net of pension plan investment expense, including inflation

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

Mortality rates were based on the RP-2000 Mortality Table for Males of Females, as appropriate, with adjustments for mortality improvement based on Scale AA.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	23%	6.31
Non US Equity	15%	6.76
Private Equity	13%	11.34
Real Estate	8%	3.52
Core Plus Fixed Income	28%	2.06
Credit Opportunities	5%	3.67
TIPS	5%	1.92
Other Real Assets	2%	6.27
Cash	1%	(0.69)
Total	<u>100%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate and that contributions from the District will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate.

	<u>1% Decrease (6.5%)</u>	<u>Discount Rate (7.5%)</u>	<u>1% Increase (8.5%)</u>
District's proportionate share of the net pension liability	\$1,520,654	\$804,803	\$200,552

Pension Plan Fiduciary Net Position - Detailed information about the pension plan's fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at www.ipers.org.

Payables to the Pension Plan - At June 30, 2015, the District reported payables to the defined benefit pension plan of \$9,453 for legally required employer contributions and \$6,298 for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

(7) Other Postemployment Benefits (OPEB)

Plan Description - The District operates a single-employer health benefit plan which provides medical and prescription drug benefits for employees, retirees and their spouses. There are 21 active and 2 retired members in the plan. Retired participants must be 55 or older at retirement.

The medical/prescription drug benefits are provided through a fully-insured plan with Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drug benefits as active employees, which results in an implicit rate subsidy and an OPEB liability.

Funding Policy - The contribution requirements of plan members are established and may be amended by the District. The District currently finances the retiree benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation - The District's annual OPEB cost is calculated based on the annual required contribution (ARC) of the District, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding which, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the District's annual OPEB cost for the year ended June 30, 2015, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

Annual required contributions	27,086
Interest on net OPEB obligation	2,235
Adjustment to annual required contribution	(5,866)
Annual OPEB cost	<u>23,455</u>
Contributions made-implicit	(1,658)
Increase in net OPEB obligation	<u>21,797</u>
Net OPEB obligation beginning of year	<u>89,386</u>
Net OPEB obligation end of year	<u><u>111,183</u></u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2015.

For the year ended June 30, 2015, the District contributed \$151,307 to the medical plan. Plan members eligible for benefits contributed \$80,956, or 35% of the premium costs.

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation are summarized as follows:

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2013	\$ 22,049	12.40%	\$ 50,335
2014	21,069	6.20%	89,386
2015	23,455	7.07%	111,183

Funded Status and Funding Progress - As of July 1, 2012, the most recent actuarial valuation date for the period July 1, 2014 through June 30, 2015, the actuarial accrued liability was \$144,492, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$144,492. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$742,000 and the ratio of the UAAL to covered payroll was 19%. As of June 30, 2015 there were no trust fund assets.

Actuarial Methods and Assumptions - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress for the Retiree Health Plan, presented as Required Supplementary Information in the section following the Notes to Financial Statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2012 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumptions include a 2.5% discount rate based on the District's funding policy. The projected annual medial trend rate is 6%. The ultimate medical trend rate is 6%.

Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Report as of June 30, 2011 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2011.

The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

(8) Risk Management

The District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(9) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the Area Education Agency. The District's actual amount for this purpose totaled \$105,689 for the year ended June 30, 2015 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

(10) Accounting Change/Restatement

Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions - an Amendment of GASB No. 27 was implemented during fiscal year 2015. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, GASB No. 68 requires a state or local government employer to recognize a net pension liability and changes in the net pension liability, deferred outflows of resources and deferred inflows of resources which arise from other types of events related to pensions. During the transition year, as permitted, beginning balances for deferred outflows or resources and deferred inflows of resources will not be reported, except for deferred outflows of resources related to contributions made after the measurement date of the beginning net pension liability which is required to be reported by Governmental Accounting Standards Board Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. Beginning net position for governmental and business type activities were restated to retroactively report the beginning net pension liability and deferred outflows of resources related to contributions made after the measurement date, as follows:

	<u>Governmental Activities</u>	<u>Business type Activities</u>
Net position June 30, 2014, as previously reported	\$2,387,393	\$38,990
Net pension liability at June 30, 2014	(1,288,860)	(19,629)
Deferred outflows of resources related to contributions made after the June 30, 2013 measurement date	114,145	4,436
Net position July 1, 2014, as restated	<u><u>1,212,678</u></u>	<u><u>23,797</u></u>

Required Supplementary Information

SEYMOUR COMMUNITY SCHOOL DISTRICT
 Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and
 Changes in Balances - Budget and Actual - All Governmental Funds and Proprietary Fund
 Required Supplementary Information
 Year ended June 30, 2015

	Governmental Funds Actual	Proprietary Fund Actual
Revenues:		
Local sources	\$ 1,521,272	56,932
Intermediate sources	23,147	-
State sources	1,591,378	1,495
Federal sources	180,934	125,425
Total revenues	<u>3,316,731</u>	<u>183,852</u>
Expenditures:		
Instruction	1,991,663	-
Support services	828,976	-
Non-instructional programs	250	175,788
Other expenditures	317,140	-
Total expenditures	<u>3,138,029</u>	<u>175,788</u>
Excess (deficiency) of revenues over (under) expenditures	178,702	8,064
Other financing sources	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	178,702	8,064
Balances beginning of year	<u>1,719,883</u>	<u>38,990</u>
Balances end of year	<u>\$ 1,898,585</u>	<u>47,054</u>

See accompanying independent auditor's report.

Total Actual	Original Budgeted Amount	Final to Actual Variance
1,578,204	1,541,463	36,741
23,147	-	23,147
1,592,873	1,705,314	(112,441)
306,359	255,000	51,359
3,500,583	3,501,777	(1,194)
1,991,663	2,356,000	(364,337)
828,976	1,243,500	(414,524)
176,038	149,316	26,722
317,140	177,772	139,368
3,313,817	3,926,588	(612,771)
186,766	(424,811)	
-	-	
186,766	(424,811)	
1,758,873	952,995	
1,945,639	528,184	

SEYMOUR COMMUNITY SCHOOL DISTRICT

Notes to Required Supplementary Information - Budgetary Reporting Year ended June 30, 2015

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except Private Purpose Trust and Agency Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on a GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated function level, not by fund. The Code of Iowa also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula.

During the year ended June 30, 2015, expenditures in the non-instruction and other functions exceeded the amount budgeted.

SEYMOUR COMMUNITY SCHOOL DISTRICT

Schedule of the District's Proportionate Share of the Net Pension Liability
Iowa Public Employee's Retirement System
Year ended June 30, 2015
Last Fiscal Year*
(In Thousands)

Required Supplementary Information

	<u>2015</u>
District's proportion of the net pension liability	0.0202930%
District's proportionate share of the net pension liability	\$1,308
District's covered-employee payroll	\$1,489
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	87.84%
Plan fiduciary net position as a percentage of the total pension liability	87.61%

* The amounts presented for each fiscal year were determined as of June 30.

See accompanying independent auditor's report.

SEYMOUR COMMUNITY SCHOOL DISTRICT

Schedule of District Contributions
Iowa Public Employee's Retirement System
Last 10 Fiscal Years
(In Thousands)

Required Supplementary Information

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Statutorily required contribution	\$ 133	119	130	121
Contributions in relation to the statutorily required contribution	<u>(133)</u>	<u>(119)</u>	<u>(130)</u>	<u>(121)</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's covered-employee payroll	\$ 1,489	1,328	1,495	1,505
Contributions as a percentage of covered- employee payroll	8.93%	8.93%	8.67%	8.06%

See accompanying independent auditor's report.

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$ 106	116	110	106	99	97
<u>(106)</u>	<u>(116)</u>	<u>(110)</u>	<u>(106)</u>	<u>(99)</u>	<u>(97)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1,522	1,749	1,739	1,743	1,717	1,702
6.95%	6.65%	6.35%	6.05%	5.75%	5.75%

SEYMOUR COMMUNITY SCHOOL DISTRICT

Notes to Required Supplementary Information - Pension Liability

Year ended June 30, 2015

Changes of benefit terms:

Legislation passed in 2010 modified benefit terms for current Regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3 percent per year measured from the member's first unreduced retirement age to a 6 percent reduction for each year of retirement before age 65.

In 2008, legislative action transferred four groups - emergency medical service providers, county jailers, county attorney investigators, and National Guard installation security officers - from Regular membership to the protection occupation group for future service only.

Benefit provisions for sheriffs and deputies were changed in the 2004 legislative session. The eligibility for unreduced retirement benefits was lowered from age 55 by one year each July 1 (beginning in 2004) until it reached age 50 on July 1, 2008. The years of service requirement remained at 22 or more. Their contribution rates were also changed to be shared 50-50 by the employee and employer, instead of the previous 40-60 split.

Changes of assumptions:

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25 percent to 3.00 percent
- Decreased the assumed rate of interest on member accounts from 4.00 percent to 3.75 percent per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30 year amortization period to a closed 30 year amortization period for the UAL beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20 year period.

The 2010 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted retiree mortality assumptions.
- Modified retirement rates to reflect fewer retirements.
- Lowered disability rates at most ages.
- Lowered employment termination rates.
- Generally increased the probability of terminating members receiving a deferred retirement benefit.
- Modified salary increase assumptions based on various service duration.

The 2007 valuation adjusted the application of the entry age normal cost method to better match projected contributions to the projected salary stream in the future years. It also included in the calculation of the UAL amortization payments the one-year lag between the valuation date and the effective date of the annual actuarial contribution rate.

SEYMOUR COMMUNITY SCHOOL DISTRICT

Notes to Required Supplementary Information - Pension Liability

Year ended June 30, 2015

The 2006 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted salary increase assumptions to service based assumptions.
- Decreased the assumed interest rate credited on employee contributions from 4.25 percent to 4.00 percent.
- Lowered the inflation assumption from 3.50 percent to 3.25 percent.
- Lowered disability rates for sheriffs and deputies and protection occupation members.

SEYMOUR COMMUNITY SCHOOL DISTRICT

Schedule of Funding Progress for the
Retiree Health Plan
(In Thousands)

Required Supplementary Information

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Funded Ratio (a/b)	Covered Payroll (c)	UUAL as a Percentage of Covered Payroll ((b-a/c)
2010	July 1, 2008	-	\$154,789	154,789	0.00%	1,509,968	10.2%
2011	July 1, 2008	-	153,656	153,656	0.00%	1,314,346	11.7%
2012	July 1, 2010	-	153,656	153,656	0.00%	1,089,771	14.1%
2013	July 1, 2010	-	143,583	143,583	0.00%	1,260,135	11.4%
2014	July 1, 2012	-	134,146	134,146	0.00%	995,250	13.5%
2015	July 1, 2012	-	143,583	143,583	0.00%	742000	19.5%

See Note 7 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost, net OPEB obligation, funded status and funding progress.

See accompanying independent auditor's report.

Supplementary Information

SEYMOUR COMMUNITY SCHOOL DISTRICT
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2015

	Special Revenue		
	Student Activity	Manage- ment Levy	Total
Assets			
Cash and pooled investments	\$ 62,620	169,043	231,663
Receivables:			
Property tax:			
Current year delinquent	-	1,219	1,219
Succeeding year	-	75,000	75,000
Total assets	62,620	245,262	307,882
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable			
Salaries and benefits payable	-	-	-
Total Liabilities			
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	-	75,000	75,000
Total deferred inflows of resources	-	75,000	75,000
Fund Balances:			
Restricted for:			
Management levy purposes	-	170,262	170,262
Student activities	62,620	-	62,620
Total fund balances	62,620	170,262	232,882
Total liabilities, deferred inflows of resources and fund balances	\$ 62,620	245,262	307,882

See accompanying independent auditor's report.

SEYMOUR COMMUNITY SCHOOL DISTRICT
Combining Schedule of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Governmental Funds
Year ended June 30, 2015

	Special Revenue		
	Student Activity	Manage- ment Levy	Total
Revenues:			
Local sources:			
Local tax	\$ -	73,845	73,845
Other	93,334	3,120	96,454
State sources	-	48	48
Total revenues	93,334	77,013	170,347
Expenditures:			
Current			
Instruction:			
Other	95,952	-	95,952
Support services:			
Administrative support	-	67,121	67,121
Other expenditures:			
Facilities acquisition	-	-	-
Total expenditures	95,952	67,121	163,073
Excess (deficiency) of revenues over (under) expenditures	(2,618)	9,892	7,274
Fund balances beginning of year	65,238	160,370	225,608
Fund balances at end of year	\$ 62,620	170,262	232,882

See accompanying independent auditor's report.

SEYMOUR COMMUNITY SCHOOL DISTRICT
Schedule of Changes in Special Revenue Fund, Student Activity Accounts
Year ended June 30, 2015

Account	Balance Beginning Of Year	Revenues and Interfund Transfers	Expenditures	Intra- Fund Transfers	Balance End of Year
Athletics	\$ 12,156	36,417	32,871	-	15,702
FFA	12,170	23,077	26,087	-	9,160
FCCLA	1,143	1,657	2,054	-	746
General	9,436	7,235	8,880	1,351	9,142
Vocal Music	1,237	1,157	1,317	-	1,077
Band	11,522	9,797	10,359	-	10,960
Student Council	3,734	394	373	(50)	3,705
Cheerleaders	1,099	1,057	913	-	1,243
S Club	267	2,882	3,809	-	(660)
Post Prom	2,234	2,053	1,545	-	2,742
Speech	1,355	-	329	-	1,026
Wayne County Coalition	533	-	27	-	506
Class of 2014	1,351	-	-	(1,351)	-
Class of 2015	2,559	228	2,542	-	245
Class of 2016	3,117	2,116	3,691	-	1,542
Class of 2017	1,325	4,222	1,155	50	4,442
Class of 2018	-	1,042	-	-	1,042
Total	<u>\$ 65,238</u>	<u>93,334</u>	<u>95,952</u>	<u>-</u>	<u>62,620</u>

See accompanying independent auditor's report.

SEYMOUR COMMUNITY SCHOOL DISTRICT
Combining Balance Sheet
Capital Project Accounts
Year ended June 30, 2015

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Assets			
Cash and pooled investments	\$ 579,990	\$ 40,535	\$ 620,525
Receivables:			
Property tax:			
Delinquent	-	458	458
Succeeding year	-	28,816	28,816
Due from other governments	38,803	-	38,803
Total Assets	618,793	69,809	688,602
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	1,079	794	1,873
Total liabilities	1,079	794	1,873
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	-	28,816	28,816
Total deferred inflows of resources	-	28,816	28,816
Fund Balances:			
Restricted for:			
School infrastructure	617,714	-	617,714
Physical plant and equipment	-	40,199	40,199
Total fund balances	617,714	40,199	657,913
Total liabilities, deferred inflows of resources and fund balances	618,793	69,809	688,602

See accompanying independent auditor's report.

SEYMOUR COMMUNITY SCHOOL DISTRICT
Combining Schedule of Revenues, Expenditures
and Changes in Fund Balance
Capital Project Accounts
Year ended June 30, 2015

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Revenues:			
Local sources:			
Local tax	\$ 246,557	\$ 27,744	\$ 274,301
Other	2,316	165	2,481
State sources	-	18	18
Total revenues	<u>248,873</u>	<u>27,927</u>	<u>276,800</u>
Expenditures:			
Instruction:			
Regular	54,332	-	54,332
Other instruction	-	9,937	9,937
Support services:			
Administration	-	-	-
Plant operation	24,453	-	24,453
Other expenditures:			
Facilities acquisition	135,737	17,714	153,451
Total expenditures	<u>214,522</u>	<u>27,651</u>	<u>242,173</u>
Excess of revenue over expenditures	<u>34,351</u>	<u>276</u>	<u>34,627</u>
Other financing uses:			
Operating transfer out	(58,000)	-	(58,000)
Total other financing uses	<u>(58,000)</u>	<u>-</u>	<u>(58,000)</u>
Excess of revenues and other financing sources over expenditures and other financial uses	<u>(23,649)</u>	<u>276</u>	<u>(23,373)</u>
Fund balances beginning of year	<u>641,363</u>	<u>39,923</u>	<u>681,286</u>
Fund balances end of year	<u>617,714</u>	<u>40,199</u>	<u>657,913</u>

See accompanying independent auditor's report.

Seymour Community School District

SEYMOUR COMMUNITY SCHOOL DISTRICT
Schedule of Revenues by Source and Expenditures by Function
All Governmental Funds
For the Last Ten Years

	Modified Accrual Basis			
	2015	2014	2013	2012
Revenues:				
Local sources:				
Local tax	\$ 1,243,518	\$ 1,169,945	\$ 1,417,550	\$ 1,594,570
Tuition	147,263	103,209	127,955	76,305
Other	130,491	140,497	137,560	158,502
Intermediate sources	23,147	13,040	1,000	7,821
State sources	1,591,378	1,188,404	1,170,100	1,132,965
Federal sources	180,934	161,991	165,190	164,136
Total	3,316,731	2,777,086	3,019,355	3,134,299
Expenditures:				
Instruction:				
Regular	1,400,634	1,138,467	1,310,965	1,319,567
Special	219,153	207,898	182,818	216,949
Other	371,876	370,807	351,751	224,036
Support services:				
Student	34,394	20,453	26,704	60,946
Instructional staff	118,361	122,391	92,061	86,029
Administration	306,292	306,965	273,926	253,128
Operation and maintenance of plant	221,792	230,709	185,251	163,255
Transportation	148,137	134,959	112,903	235,016
Central support				-
Non-instructional programs	250	250	250	250
Other expenditures:				
Facilities acquisition	153,451	33,584	36,982	123,749
Long-term debt:				
Principal	55,776	9,622	9,246	12,230
Interest and other charges	2,224	2,608	2,984	-
AEA flowthrough	105,689	100,309	96,290	94,776
Total	3,138,029	2,679,022	2,682,131	2,789,931

See accompanying independent auditor's report.

Modified Accrual Basis					
2011	2010	2009	2008	2007	2006
\$ 1,501,658	\$ 1,360,440	\$ 1,305,467	\$ 1,286,880	\$ 1,237,767	\$ 1,184,489
90,953	147,478	117,318	44,756	29,586	33,187
199,187	150,123	101,399	135,171	142,413	133,087
3,974	9,195	21,552	20,805	20,976	7,820
1,055,472	859,634	1,336,590	1,465,071	1,501,281	1,523,719
229,528	341,684	183,211	185,390	218,008	303,515
3,080,772	2,868,554	3,065,537	3,138,073	3,150,031	3,185,817
1,182,977	1,260,701	1,370,591	1,296,284	\$ 1,268,925	1,159,129
223,921	277,296	204,556	299,415	449,514	390,671
286,670	362,083	339,650	340,389	238,683	348,390
64,594	84,913	74,446	88,547	87,398	90,296
97,042	66,480	61,235	61,104	91,178	128,391
281,222	356,514	346,908	338,057	318,580	330,017
197,746	204,391	215,003	214,098	235,286	318,076
185,892	220,629	149,087	230,251	214,637	209,847
-	-	-	-	-	-
250	250	250	250	250	250
30,033	47,898	45,310	69,468	-	-
85,000	80,000	80,000	75,000	70,000	65,000
4,700	8,570	12,490	16,090	19,380	22,381
108,278	108,129	102,462	101,679	101,544	99,068
2,748,325	3,077,854	3,001,988	3,130,632	3,095,375	3,161,516

STEPHANIE MENDENHALL CPA, P.C.
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Independent Auditor's Report on Internal Control
over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards

To the Board of Education of
Seymour Community School District

I have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Seymour Community School District as of and for the year ended June 30, 2015, and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements, and have issued my report thereon dated September 24, 2015.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered Seymour Community School District's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Seymour Community School District's internal control. Accordingly, I do not express an opinion on the effectiveness of Seymour Community School District's internal control.

My consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, I identified deficiencies in internal control I consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. I consider the deficiencies described in Part II of the accompanying Schedule of Findings and Questioned Costs as item I-A-15 to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. I consider the deficiencies described in Part II of the accompanying Schedule of Findings and Questioned Costs as items II-C-15 and II-D-15 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Seymour Community School District's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, I noted certain immaterial instances of non-compliance or other matters which are described in Part IV of the accompany Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2015 are based exclusively on knowledge obtained from procedures performed during my audit of the financial statements of the District. Since my audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Seymour Community School District's Responses to the Findings

Seymour Community School District's responses to the findings identified in my audit are described in the accompanying Schedule of Findings and Questioned Costs. Seymour Community School District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

I would like to acknowledge the many courtesies and assistance extended to me by personnel of Seymour Community School District during the course of my audit. Should you have any questions concerning any of the above matters, I will be pleased to discuss them with you at your convenience.

September 24, 2015

SEYMOUR COMMUNITY SCHOOL DISTRICT
Schedule Findings and Questioned Costs
Year ended June 30, 2015

Part II: Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

I-A-15 Segregation of duties - One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. Cash receipts are issued and bank deposits are prepared by the same person. An independent person does not open the mail and prepare an initial listing of the checks received and later compare the listing to the receipts issued. Also, vouchers are processed, disbursements are recorded, and checks are prepared by the same person.

Recommendation - I realize segregation of duties is difficult with a limited number of office employees. However, the District should review its operating procedures to obtain the maximum internal control possible under the circumstances utilizing currently available staff, including elected officials.

Response - We will continue to review our procedures and implement controls where possible.

Conclusion - Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Part III: Findings and Questioned Costs for Federal Awards:

INSTANCES OF NON-COMPLIANCE

Not applicable since less than \$500,000 in federal awards.

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-15 Certified Budget -Expenditures for the year ended June 30, 2015 exceeded the certified budget amount in non-instructional and other functional areas.

Recommendation - The certified budget should have been amended in accordance with Chapter 24.9 of the Code of Iowa before expenditures were allowed to exceed the budget.

Response - Future budgets will be amended in sufficient amounts to ensure the certified budget is not exceeded.

Conclusion - Response accepted.

IV-B-15 Questionable Expenditures - No expenditures were noted that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.

IV-C-15 Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employee were noted.

IV-D-15 Business Transactions - No business transactions between the District and District officials or employees were noted.

- IV-E-15 Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that the coverage is adequate for current operations.
- IV-F-15 Board Minutes - No transactions were noted requiring Board approval which had not been approved by the Board.
- IV-G-15 Certified Enrollment - No variances in the basic enrollment data certified to the Iowa Department of Education were noted.
- IV-H-15 Supplementary Weighting - No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.
- IV-I-15 Deposits and Investments - No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy were noted.
- IV-J-15 Certified Annual Report - The Certified Annual Report was certified timely to the Iowa Department of Education.
- IV-K-15 Categorical Funding - No instances of categorical funding being used to supplant rather than supplement other funds were noted.
- IV-L-15 Statewide Sales, Services and Use Tax - No instances of non-compliance with the allowable uses of the statewide sales, services and use tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2015, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning balance		\$ 641,363
Statewide sales, services and use tax	\$ 246,557	
Other receipts	<u>2,316</u>	
		248,873
Expenditures/transfers out:		
School infrastructure	160,190	
Buildings		
Instruction equipment	54,332	
Transfer to other fund:		
Debt service		
Capital lease for transportation equipment	<u>58,000</u>	
		<u>272,522</u>
Ending balance		<u>617,714</u>

For the year ended June 30, 2015 the District did not reduce any levies as a result of the monies received under Chapter 423E or 423F of the Code of Iowa.

IV-M-15 Deficit Balances - Student activity account had a deficit balance at June 30, 2015.

Recommendation - The District should investigate alternatives to eliminate the deficit in order to return the account to a sound financial conditions.

Response - The deficit occurred because of the addition of two junior-high sports programs. The deficit will be eliminated at the end of the next fiscal year.

Conclusion - Response accepted.

IV-N-15 Sales Tax - There were several paid invoices that included sales tax.

Recommendation - As a governmental entity the district is exempt from paying Iowa sales tax.

Response - The invoices that included sales tax were primarily generated by an on-line order. When ever possible we have provided sales tax exempt certificates or requested that sales tax be removed from the invoice. We are trying to make all of our vendors aware that the district is exempt from sales tax.

Conclusion - Response accepted.

Stephanie Mendenhall, CPA, Humeston, Iowa released an audit report on Seymour Community School District.

The District's revenues totaled \$3,316,731 for the year ended June 30, 2015, a 19.4% increase from the prior year. Revenues included \$1,243,518 in local tax, charges for service of \$240,325, operating grants, contributions and restricted interest of \$614,400, unrestricted interest of \$7,399 and other general revenues of \$1,211,089.

Expenses for District operations totaled \$3,138,029 a 14.4% increase from the prior year. Expenses included \$1,991,663 for instruction, \$828,976 for support services and \$317,140 for other expenditures.

A copy of the audit report is available for review in the District Secretary's office in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/reports/index.html>.

